



<b>GA.12 14/15</b>
Governance & Audit Committee
<b>31 July 2014</b>

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**Subject: West Lindsey District Council - Fraud Briefing 2012/13**

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Purpose / Summary:	To note the 2012/13 Fraud Briefing

**RECOMMENDATIONS:**

- 1) That Members note the attached Fraud Briefing 2012/13 as presented by our Auditors, KPMG.

**IMPLICATIONS**

**Legal:** None arising from this report.

**Financial:** Fin/32/15 – None from this report

**Staffing :** None arising from this report.

**Equality and Diversity including Human Rights :**  
*NB: A full impact assessment **HAS TO BE** attached if the report relates to any new or revised policy or revision to service delivery/introduction of new services.*

**Risk Assessment :** None arising from this report.

**Climate Related Risks and Opportunities :** None arising from this report.

**Title and Location of any Background Papers used in the preparation of this report:**  
Protecting the Public Purse (Audit Commission 2013)

**Call in and Urgency:**

**Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?**

Yes

No

**Key Decision:**

Yes

No

## **1 Introduction**

The Audit Commission published its 'Protecting the Public Purse' on 14 November 2013 which highlighted current and emerging fraud risks in local government and provided a summary of information on fraud detection activities. The report also documented the Audit Commission's intention to issue individually tailored fraud briefings for each Council. These briefings have now been issued and the briefing for West Lindsey is attached at Appendix A

**2** The WLDC briefing provides benchmark information on fraud detection activities compared with similar local authorities. It's prepared mainly for the benefit of Senior Officers and Councillors responsible for governance (i.e. members of the Governance and Audit Committee) and provides information to help Councils re-evaluate risks and strategies prior to preparing and approving the Annual Governance Statement.

**3** The purpose of the fraud briefing is to:

- provide an information source to support Councillors' consideration of fraud detection performance at their Council, compared to similar local authorities;
- give an opportunity to review the counter fraud approach and priorities at the Council;
- provide support for fraud risk management, to ensure local priorities are reflected as part of a proportionate response to fraud; and
- enable discussion of national and local fraud risks.

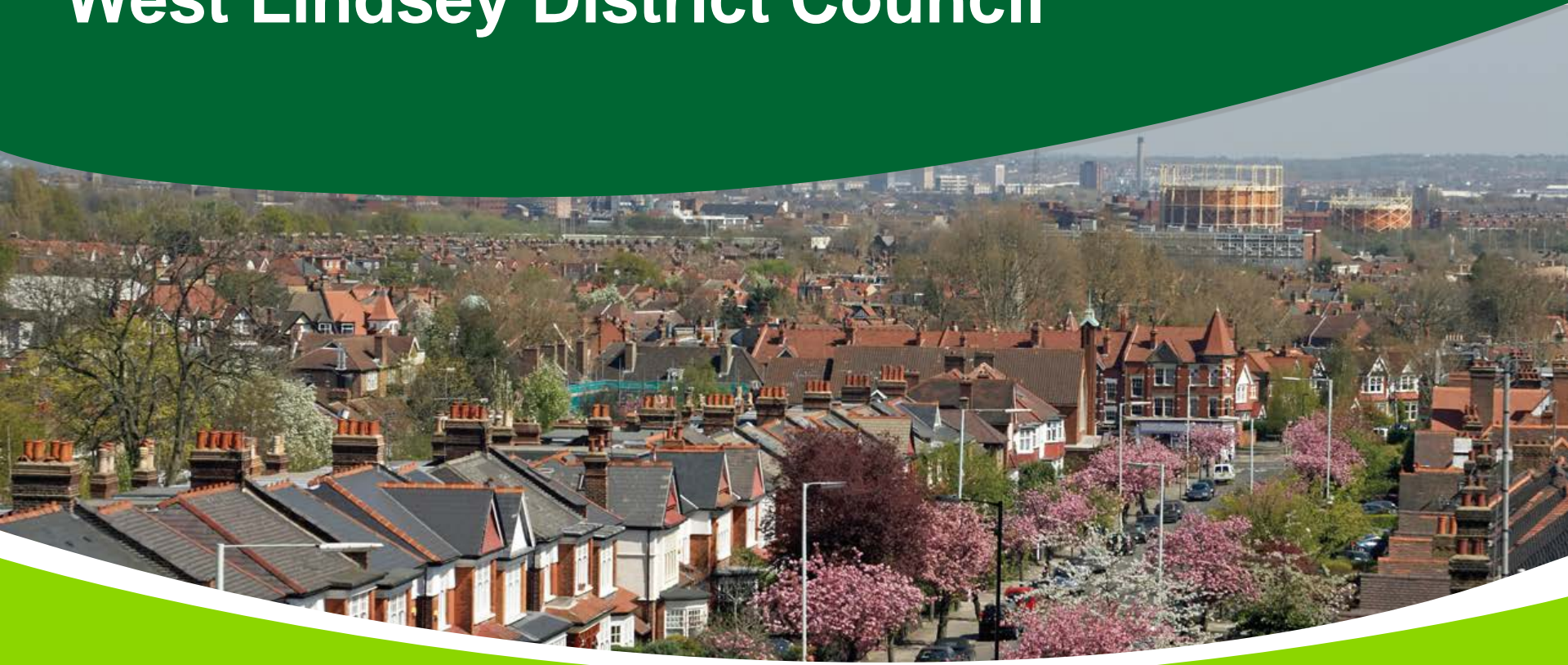
## **4 Summary**

Given that the report is designed primarily for consideration by 'those charged with governance' the report is presented to the Governance and Audit Committee, by our Auditors, KPMG .

# Protecting the Public Purse

## Fraud Briefing 2013

### West Lindsey District Council



# Agenda

- Introduction and purpose of your Fraud Briefing
- *Protecting the Public Purse (PPP) 2013* report – national picture
- Interpreting fraud detection results
- The local picture
- Questions?

## *And do not forget*

- *Checklist for those charged with governance (Appendix 2 of PPP 2013)*
- *Questions councillors may want to ask/consider (Appendix 3 of PPP 2013)*

# Introduction

- Fraud costs local government in England over £2 billion per year (*source: National Fraud Authority*)
- Fraud is never a victimless crime
- Councillors have an important role in the fight against fraud

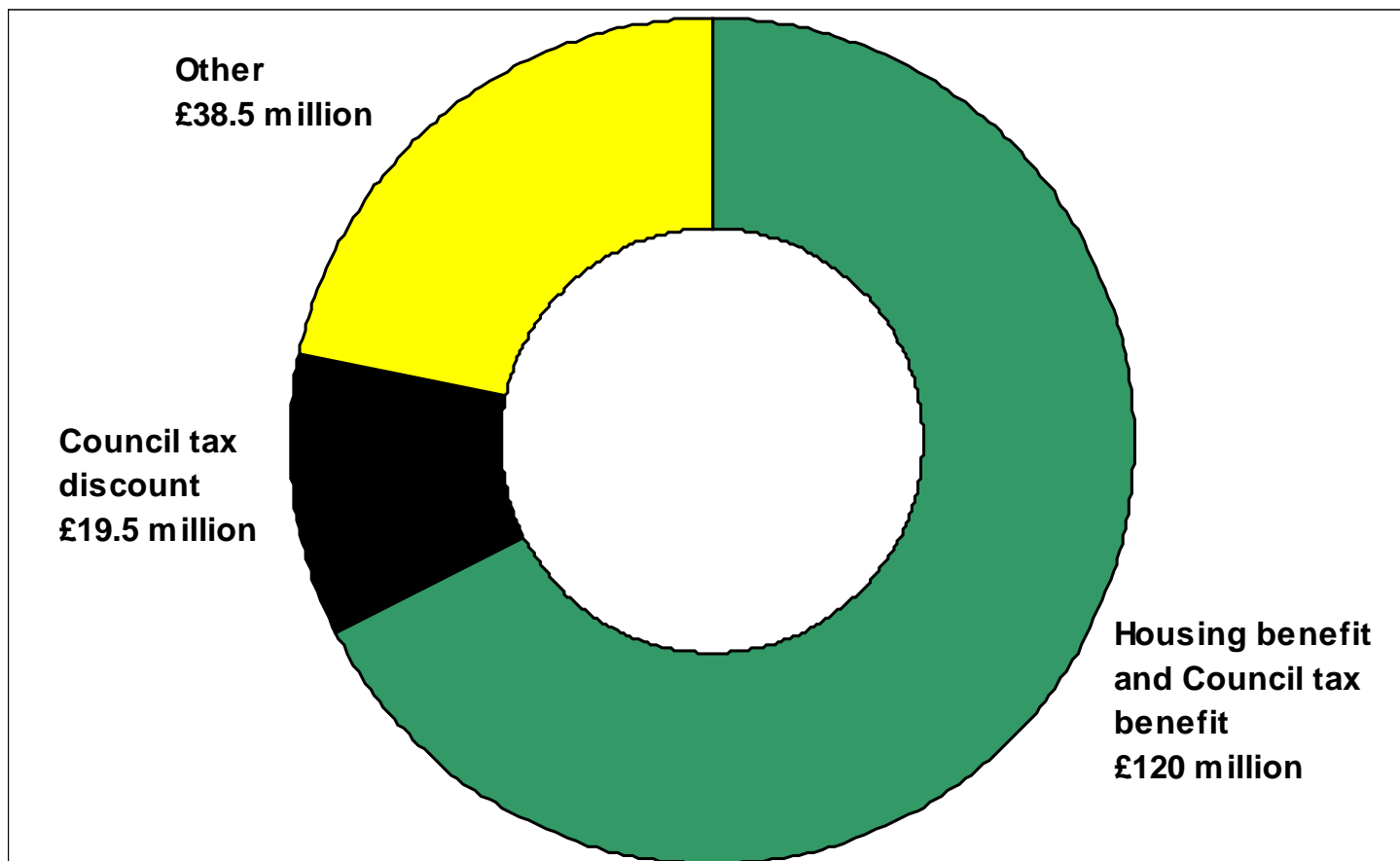


# Purpose of Fraud Briefing at your council

- Opportunity for councillors to consider fraud detection performance, compared to similar local authorities
- Reviews current counter fraud strategy and priorities
- Discuss local and national fraud risks
- Reflect local priorities in a proportionate response to those risks

# National Picture 2012/13

**Total cases detected 107,000, with a value of £178 million (excluding social housing fraud)**



***Nationally, the number of detected frauds has fallen by 14% since 2011/12 and the value by less than 1%***



# Interpreting fraud detection results

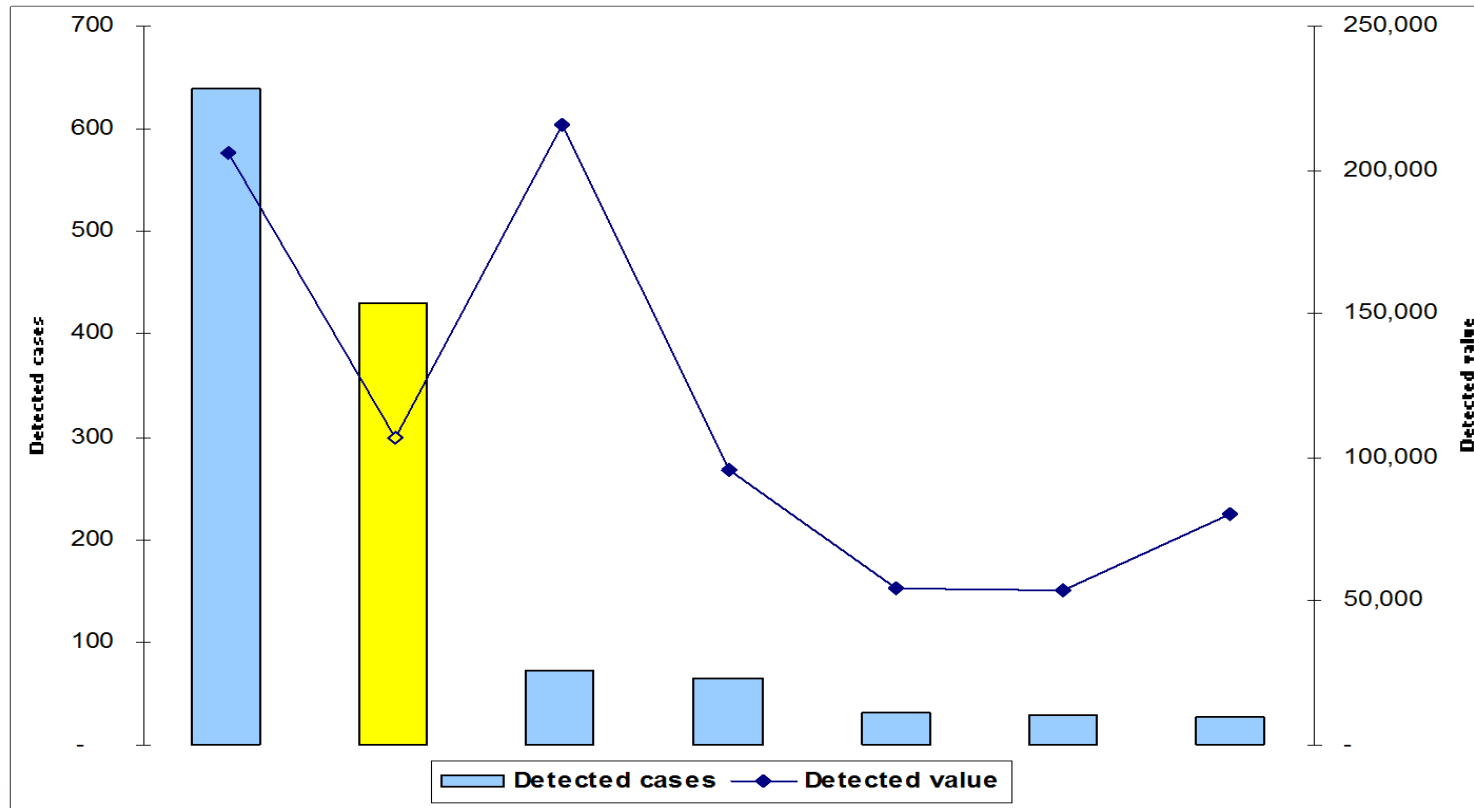
- Contextual and comparative information needed to interpret results
- Detected fraud is indicative, not definitive, of counter fraud performance (Prevention and deterrence should not be overlooked)
- No fraud detected does not mean no fraud committed (Fraud will always be attempted and even with the best prevention measures some will succeed)
- Councils who look for fraud, and look in the right way, will find fraud (There is no such thing as a small fraud, just a fraud that has been detected early)

*Your council is highlighted in yellow in the graphs that follow*

# The local picture

## How your council compares to other district councils in your county area

### Total detected cases and value 2012/13



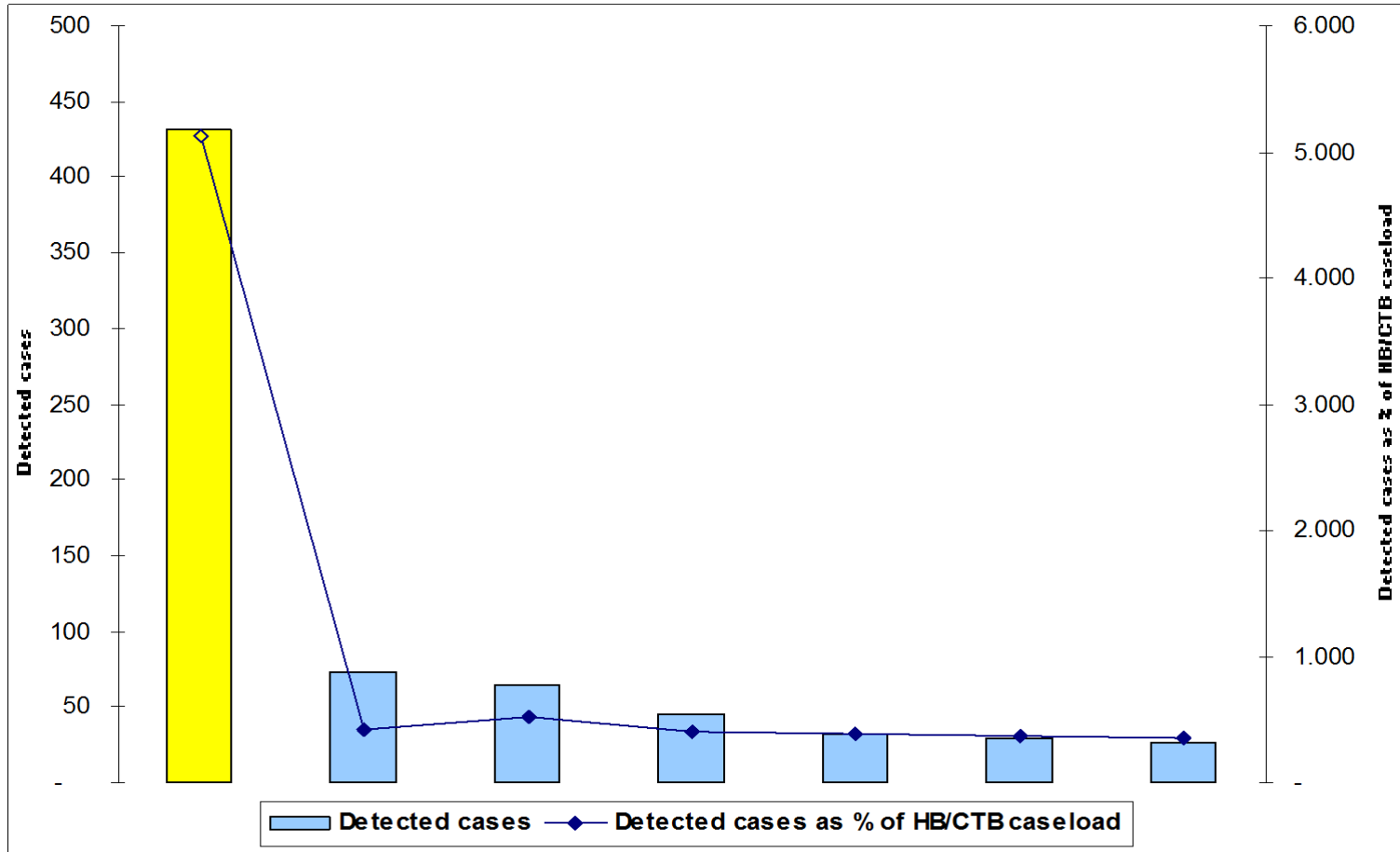
West Lindsey detected: 431 cases, valued at £106,623

DC average for your county area: 185 cases, valued at £116,176

# District councils in your county area 2012/13

## Housing benefit (HB) and Council tax benefit (CTB) fraud

### Detected cases and detected cases as a percentage of HB/CTB caseload



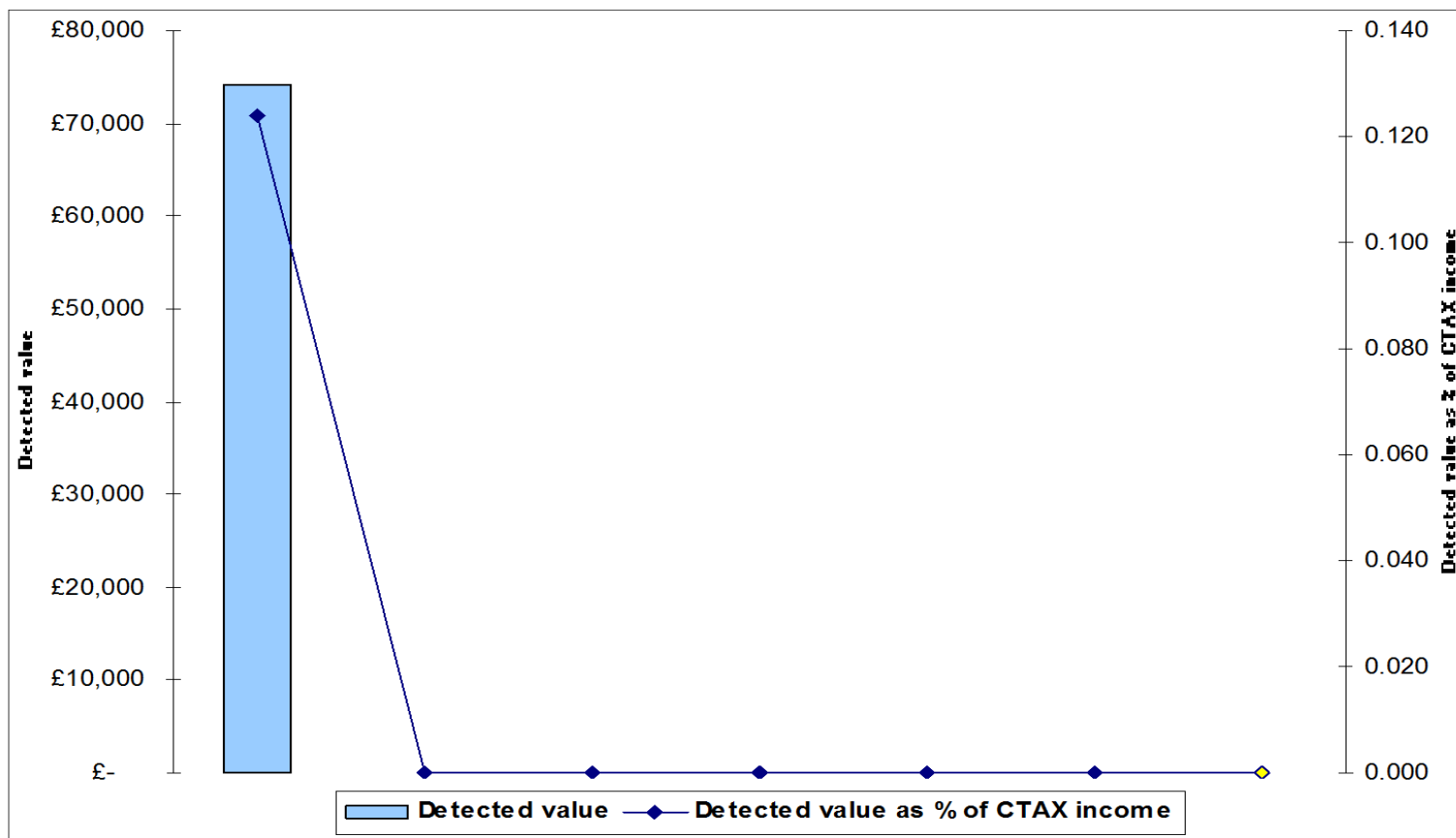
West Lindsey detected: 431 cases, valued at £106,623

DC average for your county area: 100 cases, valued at £105,569

# District councils in your county area 2012/13

## Council tax (CTAX) discount fraud

### Detected value and detected value as a percentage of council tax income



West Lindsey detected: no cases or value recorded

DC average for your county area: 85 cases, valued at £10,607



# West Lindsey District Council

## Other frauds

- **Procurement:** no cases

*(Ave per DC in your county area: no cases)*

*Total for all local government bodies in your region: 4 cases, valued at £39,044)*

- **Insurance:** no cases

*(Ave per DC in your county area: no cases)*

*Total for all local government bodies in your region: 3 cases, valued at £7,300)*

- **Economic & Third sector:** no cases

*(Ave per DC in your county area: no cases)*

*Total for all local government bodies in your region: 2 cases, valued at £54,730)*

- **Internal fraud:** no cases

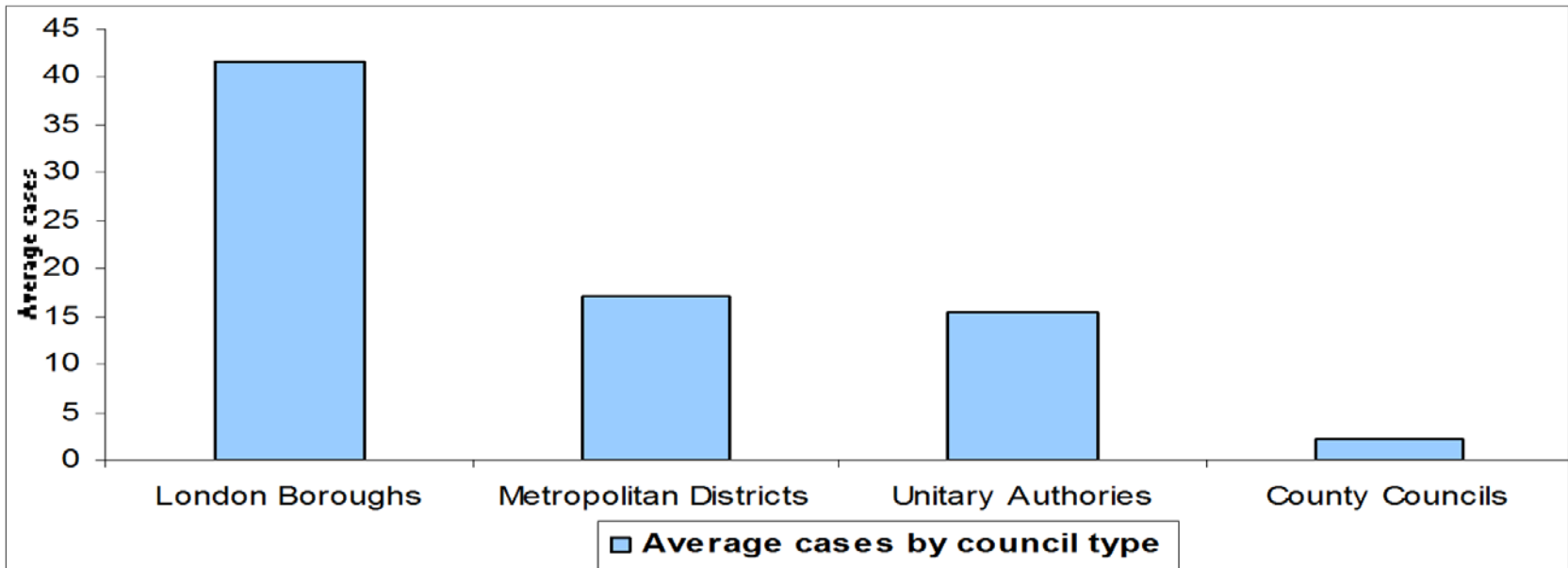
*(Ave per DC in your county area: <1 cases, valued at £2,284)*

*Total for all local government bodies in your region: 59 cases, valued at £353,807)*

*Correctly recording fraud levels is a central element in assessing fraud risk*

*It is best practice to record the financial value of each detected case*

# Disabled parking (Blue Badge) fraud Detected cases by issuing council type



In two-tier areas:

- county councils have administrative responsibility for issuing blue badges
- district councils face reduced car parking income as a result of the fraudulent abuse of blue badges.

# District councils without housing stock 2012/13

## Social housing fraud

It is estimated that:

- 2 per cent of social housing stock outside London is subject to tenancy fraud;
- tenancy fraud represents the second largest financial loss to fraud in local government, costing £845 million in 2013; and
- when combined with the loss to tenancy fraud suffered by housing associations, the total value in England is £1.8 billion – making tenancy fraud five times greater than the annual loss due to housing benefit fraud.

The Prevention of Social Housing Fraud Act 2013 criminalises tenancy fraud

The legislation gives councils investigation powers and the ability to prosecute tenancy fraudsters on behalf of housing associations

Should you be using this legislation to work in partnership with local housing associations?

# Any questions?

